



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: World Trade Organization decision in the FSC/ETI dispute
Da: Monday, Feb. 13, 2006

Sen. Chuck Grassley, chairman of the Committee on Finance, today made the following comment on the World Trade Organization's adverse decision in the Foreign Sales Corporation/Extraterritorial Income Act dispute with the United States.

"I've said many times how disappointed I am by the European Commission's insistence on perpetuating this dispute. The United States Congress worked for years to come into compliance with our WTO obligations. And, the Europeans seemed to have appreciated and accepted our compliance efforts on FSC/ETI. That's until we raised the issue of Airbus subsidies in the WTO. Their blatant linkage of WTO disputes is a dangerous precedent.

"I'm not the only one who feels this way. I understand that few in the European business community favor perpetuation of this dispute or any resumption of trade sanctions, especially now when we're trying to work together to enhance U.S.-EU cooperation both bilaterally and within the World Trade Organization. I want to underscore this point. If sanctions are resumed, they'll only disrupt our bilateral economic relations. I doubt Congress will revisit this legislation. That's especially so since the two-year transition is over at the end of this year. After that, any benefits from the grandfathering provisions will be small.

"I hope the Europeans will reconsider their decision to re-authorize sanctions. The Airbus/Boeing disputes will be decided on their own merits. There's just no reason to aggravate tensions by dragging FSC/ETI on any longer."